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SUBJECT: Minister Tiefensee's U.S. Visit - disappointment on Open Skies but encouraged on Energy Cooperation

REF: Berlin 177

¶1. (SBU) SUMMARY -- Ministry staff report German Minister of Transportation, Construction and Urban Affairs Wolfgang Tiefensee returned from his first official visit to Washington pessimistic about the future of the U.S./E.U. civil air agreement negotiations. Senior Ministry officials report Tiefensee and E.U. Transportation Commissioner Jacques Barrot were "disappointed" by what they saw as a lack of flexibility from the U.S. side regarding the agreement. The majority of E.U. member states continue to see the current version of the agreement as "imbalanced" and Ministry officials say it is unlikely that the agreement could get the necessary unanimous consent at the upcoming March E.U. Council of Ministers meeting. However, Tiefensee left the U.S. more optimistic about opportunities to cooperate on energy issues and felt the visit overall was a good one. END SUMMARY

¶2. (SBU) Bernd Toerkel, Head of the Transportation Ministry Directorate A1, told Emboffs February 21 that German Minister of Transportation, Construction and Urban Affairs Wolfgang Tiefensee and E.U. Transportation Commissioner Jacques Barrot were disappointed by what they felt was unwillingness to add to the proposed CivAir package following the inability to deliver on the proposed rule change. Tiefensee, acting in his EU Presidency capacity, and Barrot met with DOT Secretary Peters, House Transportation Committee Chairman Oberstar, and Senator Inouye among others February 5 and 6 on the civil air negotiations and initiated a new negotiating round. The agreement, while not listed officially as a priority of the German E.U. Presidency, was a priority for the Tiefensee visit.

¶3. (SBU) EMIN reminded Toerkel of the additional points the USG had put forward in the February meetings as well as the benefits for Germany and other EU countries already contained in the proposed agreement. Agreeing that both sides are acting under constraints with little room to maneuver, Toerkel expressed appreciation of U.S. proposals on antitrust immunity, safe harbors (which would resolve Lufthansa/Swiss problem), the 7th freedom, and expansion of carriage rights for USG-funded passengers to non-U.S. carriers. Nevertheless, Toerkel stated the majority of E.U. member states continued to see the current agreement as favoring the U.S. The March E.U. Council of Ministers meeting will evaluate the results of the talks in terms of added value for E.U. member states and decide whether to accept the results. In the view of the official, the necessary unanimous consent of the 27 member states to the agreement appears unlikely.

¶4. (SBU) At the same time, Tiefensee thought the results of the trip overall were positive. Toerkel said the Minister especially

pleased with the results of his discussions with Energy Secretary Bodman on the possibility of cooperation on energy issues. Toerkel noted the good prospects for two workshops on climate change and energy policy in cooperation with the U.S. and felt that these might be deliverables for the U.S./E.U. summit. Tiefensee also invited Energy Secretary Bodman to attend the G8 Energy Efficiency Congress in Berlin April 20-21.

¶15. (SBU) On a further positive note, Toerkel expressed appreciation of DOT Under Secretary Shane's efforts to modernize the Paris-based European Conference of Ministers of Transport (ECMT) into a new leaner structure suited to handling global transportation issues in an expanded forum including business, industry and science. The U.S. is an associate member. Germany plans to organize and host a transportation conference using the new structure in Leipzig in May 2008 to focus on energy for transportation from both the climate change and the economic perspective.

¶16. (SBU) EMIN also raised the EU discussions over including civil air transport in the EU's emissions trading scheme noting a statement the major players in the German aviation sector recently published against the Commission's proposal. Transportation Ministry officials expect the issue to be on the agenda of the Spring Meeting of ICAO.

¶17. (U) Toerkel also noted that after promising talks with potential U.S. investors in the former East Germany, Tiefensee plans to return to the U.S. for the October 3 national holiday commemorating German unification to advance these discussions, including with potential investors in renewable energy.

TIMKEN JR